



GENERAL GOVERNMENT

With the country facing unprecedented levels of debt, taxpayers expect the federal government to run more efficiently, guarding against careless waste of precious resources. It is essential Congress, the administration, and federal agencies do everything in their power to cut spending, reduce duplication, and reign in waste, fraud, and abuse. This chapter includes more than 20 recommendations, saving taxpayers billions of dollars frivolously lost every year by an enormous government bureaucracy.

Three Year Freeze on Pay and Bonuses for Federal Employees

Federal workers receive an automatic annual increase known as a cost-of-living-adjustment (COLA). In addition, they can be eligible for recruitment, relocation, retention and performance bonuses worth many thousands of dollars more.¹

According to the National Commission on Fiscal Responsibility and Reform (Fiscal Commission), COLAs have grown the federal payroll more than five percent in the past two years.² This proposal would institute a three-year government-wide freeze on federal pay at every government agency, including the Department of Defense civilian workforce. In addition, this proposal would freeze other bonuses for the same period, saving taxpayers \$144.4 billion over ten years.³

Reduce the Size of the Federal Workforce by 15 Percent or 300,000

The National Commission on Fiscal Responsibility and Reform recommended a reduction in the federal workforce of ten percent or 200,000 by 2015.⁴ In a recent Wall Street Journal op-ed, noted government expert Professor Paul C. Light of New York University recommended reducing mid-level management in government, cutting the number of appointees, mid-level and senior managers by a third, and boosting attrition in these areas by freezing new hires to replace departed managers.⁵

¹ P. L. 108-411

² The National Commission on Fiscal Responsibility and Reform, "The Moment of Truth", December 2010, recommendation 1.10.3, http://www.fiscalcommission.gov/sites/fiscalcommission.gov/files/documents/TheMomentofTruth12_1_2010.pdf.

³ These are 10-year staff estimates extrapolated from scoring data utilized by the National Commission on Fiscal Responsibility and Reform.

⁴ The National Commission on Fiscal Responsibility and Reform, "The Moment of Truth", December 2010, recommendation 1.10.4, http://www.fiscalcommission.gov/sites/fiscalcommission.gov/files/documents/TheMomentofTruth12_1_2010.pdf.

⁵ Light, Paul C., "The Easy Way Washington Could Save \$1 Trillion," *The Wall Street Journal*, July 7, 2011, <http://online.wsj.com/article/SB10001424052702304760604576428262419935394.html>, accessed July 13, 2011.

This proposal would reduce the federal workforce by 15 percent, or 300,000 federal employees, over ten years. The reduction would be accomplished through attrition and would allow agencies to hire two new employees for every three who have retired or left the federal government.⁶ In addition, this proposal would also require each agency to quarterly track the number of federal employees. In total, this reform will generate savings of \$229 billion over ten years.⁷

Reduce the Size of the Federal Contractor Workforce by 15 Percent

This proposal, similar to proposals from the Fiscal Commission and Professor Light, would require all federal agencies, including the Department of Defense, to cut the number of contract employee slots by 15 percent. In its final report, the fiscal commission called for cutting 250,000 contract employees, while Light recommended a reduction of 500,000.^{8,9}

According to the Government Accountability Office, “since fiscal year 2006, civilian agencies have obligated over \$100 billion annually to obtain a range of services from contractors. Almost 80 percent of contract obligations made by civilian agencies in fiscal year 2010 were for service contracts.”¹⁰ As with the Fiscal Commission’s proposal, all agencies including DoD would be required to provide an annual headcount of how many employees are working on federal contracts, and what specific jobs they are fulfilling.¹¹ This proposal would save an estimated \$233 billion over ten years.¹²

Reduce and Restrict Government Printing

Encouraging federal employees to hit the print icon less every day could save taxpayers \$440 million each year. A report finds that federal agencies – excluding the Department of Defense – spend nearly \$1.3 billion a year on office printing.¹³ Of these printing costs, the study identifies \$440.4 million a year – 34 percent – spent on unnecessary printing.¹⁴ These figures do not include the funds agencies spend to publish various documents for public consumption, but rather the estimated annual printing expenditures based on the average federal civilian employee.

⁶ The Fiscal Commission also recommended hiring two workers for every three who have retired or left the federal government.

⁷ These are 10-year staff estimates extrapolated from scoring data utilized by the National Commission on Fiscal Responsibility and Reform.

⁸ The National Commission on Fiscal Responsibility and Reform, \$200 billion in Illustrative Savings, November 12, 2010, http://www.fiscalcommission.gov/sites/fiscalcommission.gov/files/documents/Illustrative_List_11.10.2010.pdf.

⁹ Light, Paul C., “The Easy Way Washington Could Save \$1 Trillion,” *The Wall Street Journal*, July 7, 2011, <http://online.wsj.com/article/SB10001424052702304760604576428262419935394.html>, accessed July 13, 2011.

¹⁰ Government Accountability Office, “OMB Service Contracts Inventory Guidance and Implementation”, May 27, 2011, <http://www.gao.gov/products/GAO-11-538R>.

¹¹ The National Commission on Fiscal Responsibility and Reform, \$200 billion in Illustrative Savings, November 12, 2010, http://www.fiscalcommission.gov/sites/fiscalcommission.gov/files/documents/Illustrative_List_11.10.2010.pdf.

¹² These are 10-year staff estimates extrapolated from scoring data utilized by the National Commission on Fiscal Responsibility and Reform.

¹³ Website of the Government Printing Report, “2009 Government Printing Report – A Closer Look at Costs, Habits, Policies, and Opportunities for Savings”, Lexmark, May 12, 2009, <http://www.governmentprintingreport.com/>.

¹⁴ Website of the Government Printing Report, “2009 Government Printing Report – A Closer Look at Costs, Habits, Policies, and Opportunities for Savings”, Lexmark, May 12, 2009, <http://www.governmentprintingreport.com/>.

The studies noted few agencies had established or enforced printing guidelines detailing when it was appropriate and inappropriate for employees to print documents. Eighty-nine percent of federal employees reported their agencies do not have formal printing policies in place.¹⁵ This reduction will save taxpayers an estimated \$4.9 billion over ten years.

Reduce Civilian Agencies' Travel Budgets by 75 Percent

The federal government's annual travel budget is \$15 billion,¹⁶ and has seen significant growth in the last decade. Non-defense travel grew from \$3 billion in 2001 to over \$5 billion in 2007.¹⁷

The President's Fiscal Commission noted that web-based training and teleconferencing makes it much easier for agencies to perform their mission without travel. While this reduction may seem severe, state and local governments are cutting back even more when it comes to travel.

California for example, has banned all travel "unless it is mission-critical or there is no cost to the state."¹⁸ Several Maryland counties have reduced or eliminated travel to out-of-state conferences.¹⁹ One Maryland county executive was quoted as saying "'Traveling out-of-state to conferences, and in this economic climate ... I'm not going to allow that to occur'"²⁰



This proposal would reduce the travel budgets of civilian agencies by 75 percent. In addition to cutting the travel budget, the proposal would also require agencies to hold 10 percent of their travel budget in reserve until the last month of each fiscal year.²¹ Reducing the federal government travel budget would save \$43.3 billion over ten years.

Eliminate Reemployed Annuitant Double Dip

Under current law, an agency must receive a waiver from the Office of Personnel Management (OPM) to rehire a retiree, also known as an annuitant. In most rehiring, the annuitant continues to receive a full annuity; however, the salary is reduced by the amount of the annuity payment.²² If an agency claims an urgent need, however, it can hire an individual with both a full salary and

¹⁵ Website of the Government Printing Report, "2009 Government Printing Report – A Closer Look at Costs, Habits, Policies, and Opportunities for Savings," Lexmark, May 12, 2009, <http://www.governmentprintingreport.com/>.

¹⁶ The National Commission on Fiscal Responsibility and Reform, \$200 billion in Illustrative Savings, November 12, 2010, http://www.fiscalcommission.gov/sites/fiscalcommission.gov/files/documents/Illustrative_List_11.10.2010.pdf.

¹⁷ The National Commission on Fiscal Responsibility and Reform, \$200 billion in Illustrative Savings, November 12, 2010, http://www.fiscalcommission.gov/sites/fiscalcommission.gov/files/documents/Illustrative_List_11.10.2010.pdf.

¹⁸ Office of Governor Edmund Brown, "Governor Brown Bans Non-Essential Travel" http://dl5.activatedirect.com/fs/distribution:wl/ze7pzanwmhlzgt/znteu3vaczt2a3/daid/zntlmxqkfk6b1s?_c=d%7Cz

¹⁹ Maryland Association of Counties, "Counties Reducing Travel and Training Budgets", May 14, 2010, <http://conduitstreet.mdcountries.org/2010/05/14/counties-reducing-travel-and-training-budgets/>.

²⁰ Maryland Association of Counties, "Counties Reducing Travel and Training Budgets", May 14, 2010, <http://conduitstreet.mdcountries.org/2010/05/14/counties-reducing-travel-and-training-budgets/>.

²¹ Progressive Policy Institute, Return to Fiscal Responsibility II, April 2007, http://www.dlc.org/documents/Fiscal_Responsibility_04302007.pdf.

²² sections 8344 and 8468 of title 5

a full pension. Such cases, known as “double-dippers,” can cost the taxpayer over \$55 million a year.²³

The number of “double-dippers” has increased dramatically over the past decade. In 2000, OPM counted over 650 federal employees who received waivers making them eligible for both salary and annuity.²⁴ By 2007, the most recent numbers available, OPM saw a nearly six-fold increase in their numbers, to over 3,000.²⁵ The number of double-dippers is assumed to have grown since then, in part due to a provision in the 2010 National Defense Authorization Act, which extended agencies’ ability to offer double-dipping to part-time employees.²⁶

This proposal eliminates the ability of annuitants to receive both retirement and salary, saving at least \$611 million over ten years. Agencies need to do a better job at succession planning which would eliminate, in most cases the need for this practice. This recommendation would not impact the part-time hiring authority provided in the National Defense Authorization Act of 2010.

Reduce the Number of Limousines Owned by Federal Agencies

In the past two years, the federal government’s limousine fleet has grown by an astounding 73 percent.²⁷ The government owned 238 limos in 2008, but by 2010, that number reached 412.²⁸

The winner of the most luxury limousine purchases goes to the State Department whose fleet grew from 65 limos in 2008 to 259 in 2010. According to the State Department, the most common type of limo purchased is a Cadillac that has a base price of \$60,000.²⁹ To set an example for the American people and remove the perception of government excess, the federal government should reduce the number of limousines down to 2008 levels and save \$115.5 million over ten years.



²³ Staff estimate. According to CBO, the average retired federal employee retired with 28 years of service and falls within GS grades 10 to 13 (average salary of the four pay scales is \$65,551). To come up with this estimate, staff first calculated an estimated annuitant which would be roughly \$18,354. That number was then multiplied by 3,000 - the number of reemployed annuitants; http://www.cbo.gov/ftpdocs/78xx/doc7874/03-15-Federal_Personnel.pdf; OPM retirement computation page, <http://www.opm.gov/retire/pre/fers/computation.asp>.

²⁴ Information provided to staff by OPM, OPM's Central Personnel Data File

²⁵ Information provided to staff by OPM, OPM's Central Personnel Data File

²⁶ P.L. 111-84.

²⁷ Joe Eaton, The Center for Public Integrity, May 31, 2011, <http://www.iwatchnews.org/2011/05/31/4765/limousine-liberals-number-government-owned-limos-has-soared-under-obama>.

²⁸ Joe Eaton, The Center for Public Integrity, May 31, 2011, <http://www.iwatchnews.org/2011/05/31/4765/limousine-liberals-number-government-owned-limos-has-soared-under-obama>.

²⁹ Joe Eaton, The Center for Public Integrity, May 31, 2011, <http://www.iwatchnews.org/2011/05/31/4765/limousine-liberals-number-government-owned-limos-has-soared-under-obama>.

Reduce Non-Limousine Federal Vehicle Fleet Budget by 20 Percent

This proposal echoes one made by the National Commission on Fiscal Responsibility and Reform.³⁰ At last count, federal agencies owned or leased over 662,000 cars, vans, sport-utility vehicles, trucks, buses and ambulances.³¹ According to the Government Accountability Office, these vehicles consume about one million gallons of fuel per day.³²

Since 2006, the federal vehicle fleet has grown by five percent. Meanwhile, the cost of maintaining and servicing those vehicles has grown over 25 percent, to \$4.6 billion.³³ It is unclear why some agencies need many of the vehicles they own. For example, the National Science Foundation, which issues grants and does no outdoor field research and the Broadcasting Board of Governors, which counts only nine members, each have 53 SUVs.³⁴

In 2009, the Air Force demonstrated that agencies can do what this proposal calls for. It was able to reduce its non-tactical vehicle fleet by more than 3,250, without reducing its ability to conduct its mission.³⁵ In addition, each agency Inspector General should review the use of their respective agencies' vehicles as part of the effort to find further savings. This proposal would not apply to the Postal Service or the Department of Defense. Reducing the federal vehicle fleet by 20 percent will save the federal government \$5.6 billion over ten years.



Prohibit the Use of Project Labor Agreements on Federal Contracts

For decades, Project Labor Agreements (PLAs) have been used by the federal government on large contracts, particularly construction projects. They require bidders on the projects to promise to adhere to union work rules and wage scales, and pay into union pension funds, even when non-union workers are assigned to the project.

Supporters argue PLAs reduce the possibility and cost of disputes and delays which would otherwise flare on worksites that do not have a single, uniform set of employment standards and protections.³⁶

However, studies reveal PLAs can reduce competition, increase costs for taxpayers (by some estimates up to 10-12 percent per project), and add layers of bureaucracy and red tape to federal construction projects.³⁷

³⁰The National Commission on Fiscal Responsibility and Reform, "The Moment of Truth", December 2010, recommendation 1.10.5, http://www.fiscalcommission.gov/sites/fiscalcommission.gov/files/documents/TheMomentofTruth12_1_2010.pdf

³¹General Services Administration, 2010 Federal Fleet report, <http://www.gsa.gov/portal/content/242645>.

³² Government Accountability Office, "Opportunities to Reduce Potential Duplication in Government Programs, save Tax Dollars, and Enhance Revenue", page 55, <http://www.gao.gov/new.items/d11318sp.pdf>.

³³ General Services Administration, 2006 Vehicle Fleet report, http://www.gsa.gov/graphics/ogp/FFR2006_030707_R20065S-s_0Z5RDZ-i34K-pR.pdf.

³⁴ General Services Administration, Vehicle Management Library, <http://www.gsa.gov/portal/content/102943>.

³⁵ General Services Administration, 2009 Vehicle Fleet report, <http://www.gsa.gov/graphics/ogp/FederalFleetReport2009rev.pdf>

³⁶ White House, "Executive Order, Use of Project Labor Agreements on Federal Construction Projects," Feb. 6, 2009, <http://www.whitehouse.gov/the-press-office/executive-order-use-project-labor-agreements-federal-construction-projects>, accessed July 13, 2011.

In February 2009, the president issued Executive Order 13502 to encourage executive agencies to consider requiring the use of PLAs when they engage in large-scale construction projects. In the April 13, 2010 *Federal Register*, a final rule was published implementing this Executive Order on construction projects costing more than \$25 million.

In a 2009 study, one conservative think tank estimated if the executive order had been in effect in 2008, federal construction projects that year would have cost taxpayers an additional \$1.6 billion to \$2.6 billion.³⁸ Regulations implementing PLAs should be repealed to ensure the most efficient use of taxpayer money. Eliminating PLAs would save \$17.7 billion over ten years.³⁹

Eliminate Hollywood Liaison Offices

Several federal departments and agencies maintain offices and programs for the purpose of helping Hollywood produce movies and television programming, often with the goal of ensuring producers positively portray the federal government. These agencies have at least 14 employees with a combined salary total of \$1.2 million,⁴⁰ including:⁴¹

- The Department of Homeland Security, with one federal employee;
- The United States Air Force, with two employees;
- The United States Coast Guard, with three coast guard employees;
- The United States Marine Corps, with four employees; and
- The United States Navy, with four employees.

The Centers for Disease Control's (CDC) Entertainment Education Program collaborates with Hollywood to raise awareness and encourages people to live healthier lives. The CDC has worked with shows such as Grey's Anatomy, and Army Wives.⁴² In other words, the CDC spends \$1.9 million to ensure that when a made up character in a fictitious TV show talks about a health topic, he or she talks about it accurately.⁴³



Taxpayers should ask the question: should the CDC and other federal agencies spend \$3.2 million annually to help Hollywood develop its plotlines? If Congress eliminates these offices, taxpayers could see savings of \$34.4 million over ten years.

³⁷ Sept. 23, 2009 study by the Beacon Hill Institute (BHI), "Project Labor Agreements on Federal Construction Projects: A Costly Solution in Search of a Problem, <http://www.beaconhill.org/BHISTudies/PLA2009/PLAFinal090923.pdf>

³⁸ Sept. 23, 2009 study by the Beacon Hill Institute (BHI), "Project Labor Agreements on Federal Construction Projects: A Costly Solution in Search of a Problem, <http://www.beaconhill.org/BHISTudies/PLA2009/PLAFinal090923.pdf>

³⁹ \$1.6 billion was used to calculate the savings over ten years.

⁴⁰ Information provided by CRS on November 3, 2010. CRS provided the number of employees in the agencies noted as well as an estimate on salaries.

⁴¹ Information provided by CRS on November 3, 2010.

⁴² The Centers for Disease Control, The CDC's Health Out Loud, December 21, 2010, <http://blogs.cdc.gov/healthoutloud/2010/12/21/129/>.

⁴³ Oversight report by Senator Tom Coburn, "CDC off Center", June 2007, http://coburn.senate.gov/public/index.cfm?a=Files.Serve&File_id=f016bd58-8e45-45d4-951a-b6b4d1ef3e70.

Eliminate the Use of Non-Competitive and Cost Plus Government Contracts

According to OMB, the federal government spends over \$500 billion annually on federal contracts.⁴⁴ Competition helps to ensure that the government receives the highest-quality products for the least amount of money. Without competition, earmarks and no-bid contracts have caused the American taxpayer to spend untold billions on wasteful purchases.

According to a 2010 *Government Executive* article, non-competitive contracts have been a systemic and costly problem in the federal government. The article states that “from fiscal 2000 through fiscal 2008, sole-source contracts leapt from \$73 billion to \$173 billion. Contracts with one bid, meanwhile, skyrocketed from \$14 billion to \$67 billion.”⁴⁵ The Government Accountability office found in 2009, the government spent \$170 billion on noncompetitive contracts.⁴⁶

Examples of abuse abound:

- A 2007 DoD Inspector General report reported that DoD awarded "sole-source" contracts valued at \$2.2 billion to two companies for armored vehicles. The report found that the no-bid contracts risked the lives of U.S. troops in Iraq due to malfeasance in awarding and monitoring of the contracts.⁴⁷
- A 2006 DoD IG report found that for 6 of 14 sole-source purchases reviewed, procurement officials did not provide adequate justification for sole-source procurements.⁴⁸
- The Census Bureau entered into a no-bid contract with the Harris Corporation to produce the handheld computers for the 2010 Census. The contract cost \$600 million and handheld computers were a failure.⁴⁹
- The Legal Service Corporation IG found that 37 of the 38 consultant contracts it reviewed had not been competitively bid.⁵⁰
- In February 2008, the Department of Interior Inspector General issued a report that stated “the Department’s current practices have abused sole source contracting by: modifying the scope of originally competed contracts, resulting in de-facto sole source contracts; using justifications for other than full and open competition that were questionable or not properly documented in the contract files; and failing to establish fair value pricing for sole source contracts, including Section 8(a) contracts.”⁵¹

⁴⁴ Presidential Memoranda on Contracting, March 4 2009, http://www.whitehouse.gov/the_press_office/Memorandum-for-the-Heads-of-Executive-Departments-and-Agencies-Subject-Government/

⁴⁵ Robert Brodsky, *Government Executive*, “Agencies reduce use of noncompetitive, high-risk contracts”, July 7, 2010, <http://www.govexec.com/dailyfed/0710/070710rb1.htm>.

⁴⁶ Government Accountability Office, “Opportunities to Reduce Potential Duplication in Government Programs, save Tax Dollars, and Enhance Revenue”, [http://www.gao.gov/ereport/GAO-11-318SP/data_center_savings/General_government/Promoting_competition_for_the_over_\\$500_billion_in_federal_contracts_can_potentially_save_billions_of_dollars_over_time#1](http://www.gao.gov/ereport/GAO-11-318SP/data_center_savings/General_government/Promoting_competition_for_the_over_$500_billion_in_federal_contracts_can_potentially_save_billions_of_dollars_over_time#1).

⁴⁷ “Procurement Policy for Armor Vehicles, report number D-2007-107, <http://www.dodig.mil/Audit/reports/FY07/07-107.pdf>.

⁴⁸ FY 2005 DoD Purchases Made Through the General Services Administration, <http://www.dodig.mil/Audit/reports/FY07/07-007.pdf>.

⁴⁹ Michael Posner, National Journal Daily, Members Fault Census Bureau For Mismanaging Contract <http://www.nationaljournal.com/daily/members-fault-census-bureau-for-mismanaging-contract-20080410?print=true>.

⁵⁰ Legal Services Corporation, Office of the Inspector General, July 7, 2009, <http://oig.lsc.gov/reports/0905/au09-05.pdf>.

⁵¹ Department of Interior IG Report, “Sole Source Contracting: Culture of Expediency Curtails Competition in Department of the Interior Contracting”, (Report No. W-EV-MOA-0001-2007). Page 8

- That same report highlights a National Park Service's illegal sole source contract for the Washington Monument grounds work that "increased the contract value from \$5 million to \$44.5 million."⁵²
- An April 2006 GAO report found one contract where the Interior Department did not consider any alternatives other than sole-source contracting with 8(a) Alaska Native Corporation firms.⁵³

President Obama has made this issue a priority for his administration and has set a goal to reduce contract spending by \$40 billion annually. He issued guidance to all federal agency heads outlining problems associated with government contracting, which included "a significant increase in the dollars awarded without full and open competition."⁵⁴ While reducing these wasteful contracts is a step in the right direction, Congress should prohibit them altogether to realize at least \$2 billion in savings.⁵⁵

Reduce Agency Advertising Budgets by 50 Percent

According to the Congressional Research Service, the government spent almost \$1 billion on advertising in 2010.⁵⁶ As the number of government programs grows, so does the funding for promoting advertising for these programs. As the CRS report points out, not all advertising for the federal government is controversial, such as advertising for federal job openings and federal property for sale. Advertising, however, to advocate government programs is not as clear cut.⁵⁷

In 2010, the following five agencies spent the most for advertising:⁵⁸

- Department of Defense: \$545 million;
- Department of Commerce: \$148 million;
- Department of Health and Human Services: \$78 million;
- Department of the Treasury: \$46 million; and
- Department of Transportation: \$37 million.

A 2007 Progressive Policy Institute (PPI) fiscal study called for the reduction in government spending on advertising contracts.⁵⁹ While their recommendation was only a 10 percent reduction in advertising contracts, the PPI study stated that at "a time of increased budget deficits, the federal government must ensure that agencies spend tax dollars wisely. Many of

⁵² Department of Interior IG Report, "Sole Source Contracting: Culture of Expediency Curtails Competition in Department of the Interior Contracting (Report No. W-EV-MOA-0001-2007)."

⁵³ Government Accountability Office, "Increased use of Alaska Native Corporation's Special 8(a) Provision calls for Tailored Oversight", GAO-06-399, April 2006.

⁵⁴ White House Press Release, "Memo for Heads of Executive Departments and Agencies", March 4, 2009, http://www.whitehouse.gov/the_press_office/Memorandum-for-the-Heads-of-Executive-Departments-and-Agencies-Subject-Government/; http://www.whitehouse.gov/sites/default/files/omb/assets/blog/Update_on_Contracting_Reforms.pdf.

⁵⁵ According to the Government Accountability Office, increasing competition in government contracts will save billions of dollars; Government Accountability Office, "Opportunities to Reduce Potential Duplication in Government Programs, save Tax Dollars, and Enhance Revenue", page 55, <http://www.gao.gov/new.items/d11318sp.pdf>.

⁵⁶ Kevin Kosar, Congressional Research Service, Advertising by the Federal Government: an Overview", March 10, 2011.

⁵⁷ Kevin Kosar, Congressional Research Service, Advertising by the Federal Government: an Overview", March 10, 2011.

⁵⁸ Kevin Kosar, Congressional Research Service, Advertising by the Federal Government: an Overview", March 10, 2011.

⁵⁹ Progressive Policy Institute, "Return to Fiscal Policy II", April 2007, http://www.dlc.org/documents/Fiscal_Responsibility_04302007.pdf.

these media contracts and campaigns should not qualify as national priorities.”⁶⁰ By reducing agencies advertising budgets by 50 percent, it would save \$5.6 billion over ten years.

Freeze Federal Locality Pay for Five Years

The Federal Employees Pay Comparability Act of 1990 created locality pay to align salaries for federal employees with private sector pay scales in their geographic area.⁶¹ According to the Office of Personnel Management, locality payments in 2011 were \$13.7 billion.⁶² In fiscal year 2012, the total payments would be \$27.2 billion due to an increase of \$13.6 billion from 2011.⁶³ Freezing locality pay would save an estimated \$71 billion over ten years.⁶⁴

Reduce Annual Spending on Federal Government Conferences

This proposal would seek to curb the amount federal agencies can spend on conferences by limiting conference spending for the entire federal government to \$100 million annually. The government spent at least \$2 billion on conferences between 2000 and 2006.⁶⁵ This is unacceptable given our current fiscal crisis.

While training for federal employees is important, these conferences can also be more rest and relaxation than training and coordination. For example, the Social Security Administration spent \$770,000 on a conference in 2009 at the Biltmore Hotel in Phoenix, Arizona.⁶⁶ “The three-day conference included private dance recitals, paid motivational speakers, and an optional, non-government-funded casino trip.”⁶⁷ Reducing spending in this area will save at least \$1 billion over ten years.

Support the President’s Efforts to Reform Federal IT Management and Close Federal Government Computer Data Centers

In December of 2010, the administration released its 25 point plan to reform the way the federal government manages information technology.⁶⁸ Highlights of the plan include turnaround or terminate at least one-third of underperforming projects in IT portfolio by June 2012 and shifting to a “Cloud First” policy.⁶⁹

⁶⁰ Progressive Policy Institute, “Return to Fiscal Policy II”, April 2007, http://www.dlc.org/documents/Fiscal_Responsibility_04302007.pdf.

⁶¹ U.S. Department of the Interior, Human Resource Page, <http://www.doi.gov/hrm/pmanager/er8f1.html>.

⁶² U.S. Office of Personnel Management, Cost of Locality Payments, 2012 payments, <http://www.opm.gov/oca/payagent/2010/LocalityPayments.asp>.

⁶³ U.S. Office of Personnel Management, Cost of Locality Payments, 2012 payments, <http://www.opm.gov/oca/payagent/2010/LocalityPayments.asp>.

⁶⁴ According to OPM, the cost “estimates do not include government contributions for retirement, life insurance, or other employee benefits that may be attributed to locality pay,” therefore the actual cost savings could potentially be higher.

⁶⁵ David Fredosso, *The Washington Examiner*, “Government Conference Spending Gone Wild!”, August 25, 2009, <http://washingtonexaminer.com/blogs/beltway-confidential/2009/08/government-conference-spending-gone-wild>.

⁶⁶ David Fredosso, *The Washington Examiner*, “Government Conference Spending Gone Wild!”, August 25, 2009, <http://washingtonexaminer.com/blogs/beltway-confidential/2009/08/government-conference-spending-gone-wild>.

⁶⁷ David Fredosso, *The Washington Examiner*, “Government Conference Spending Gone Wild!”, August 25, 2009, <http://washingtonexaminer.com/blogs/beltway-confidential/2009/08/government-conference-spending-gone-wild>.

⁶⁸ Kundra, Vivek, Office of Management and Budget, “25 Point Implementation Plan to Reform Federal Information Technology Management”, December 9, 2010, <http://www.cio.gov/documents/25-Point-Implementation-Plan-to-Reform-Federal%20IT.pdf>.

⁶⁹ Information provided in the 25 point plan.

One key point of the plan is reducing the number of federal data centers. According to the Office of Management and Budget, the federal government is operating more computer data centers than it needs, which comes with a hefty price tag. For example, the Government Accountability Office noted that the electricity costs alone run the federal government \$450 million annually.⁷⁰



There are roughly 2,100 federal data centers run by federal agencies.⁷¹ The President has proposed closing 137 data centers this year, with a goal of closing 800 or 40 percent by 2015. As of April 2011, 39 of the 137 data centers have been closed.⁷² If all of 800 targeted data centers are closed, OMB estimates the American taxpayer will save \$3 billion by 2015.⁷³ Moving forward, Congress needs to give the Administration the support it needs and not bow to political pressures that would hinder agencies ability to close and consolidate these data centers. If enacted properly, the savings could be much higher than expected. According to a Technology CEO Council report, the potential savings could be anywhere between \$150-200 billion over ten years.⁷⁴

Eliminate the Financing of Presidential Election Campaigns and Party Conventions

In 1976, the Federal Election Commission (FEC) administered the country's first publicly funded federal election. Publicly funded campaigns are not funded out of the federal treasury, but are funded by taxpayers who voluntarily contribute to the fund through their income tax return. A Congressional Research Service report states, "The principal justification behind presidential public financing has been to reduce the need for private money in politics."⁷⁵

This system, however, has clearly failed to reduce the role of private money in the electoral process. According to the Federal Election Commission, "The Obama campaign's total receipts of \$745.7 million for the 2008 election are equivalent to more than half of the \$1.49 billion provided in public funds to all presidential candidates, parties, and conventions since the inception of the public funding program." and "It was the first time in the history of presidential

⁷⁰ Testimony of Gene Dodaro, Government Accountability Office, "Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue" GAO-11-635T, May 25, 2011, <http://www.gao.gov/new.items/d11635t.pdf>

⁷¹ Kundra, Vivek, Office of Management and Budget, "25 Point Implementation Plan to Reform Federal Information Technology Management", December 9, 2010, <http://www.cio.gov/documents/25-Point-Implementation-Plan-to-Reform-Federal%20IT.pdf>.

⁷² Walker, Molly, Fierce Government IT, "Federal Data Centers Closures by the Number", April 29, 2011, <http://www.fiercегovernmentit.com/story/federal-data-center-closures-numbers/2011-04-29>.

⁷³ Johnson, Nicole Blake, *Federal Times*, "Administration: Closing data centers will save \$3 billion", April 27, 2011, <http://www.federaltimes.com/article/20110427/IT03/104270305/>.

⁷⁴ Technology CEO Council, "One Trillion Reasons: How Commercial Best Practices to Maximize Productivity Can Save Taxpayer Money and Enhance Government Services", October 6, 2010, http://www.techceocouncil.org/clientuploads/reports/TCC_One_Trillion_Reasons_FINAL.pdf. GAO's March 2011 report, "Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue," also cites this study and potential savings, <http://www.gao.gov/new.items/d11318sp.pdf>.

⁷⁵ "Public Financing of Presidential Campaigns," Congressional Research Service, Garrett, Sam, January 28, 2011, <http://www.crs.gov/pages/Reports.aspx?PRODCODE=RL34534&Source=search>.

public financing that a major party nominee declined to accept public funds for the general election.”⁷⁶ By ending federal funding for presidential election campaigns and party conventions the Congressional Budget Office (CBO) estimates taxpayers would see a savings of at least \$617 million over the next ten years.⁷⁷

Ending Duplication in Federal Employment Agencies by Consolidating Functions at the Office of Personnel Management (OPM)



Federal employees and applicants for federal jobs are protected against discrimination, reprisal, and other prohibited practices by a number of independent executive branch agencies. Those agencies cost the taxpayer \$487 million in 2010 alone.

Prior to the 1978 Civil Service Reform Act (CSRA), career executive branch employment affairs were handled by the U.S. Civil Service Commission, which sought to separate careers in government from the political pressures of the president’s immediate chain-of-command. The CSRA eliminated the Commission and replaced it with the Office of Personnel Management (OPM), the Federal Labor Relations Authority (FLRA), and the Merit Systems Protection Board (MSPB). In 1989, the MSPB was further divided and an independent Office of Special Counsel (OSC) was created.

In addition to the aforementioned agencies, the U.S. Office of Government Ethics (OGE) and Equal Employment Opportunity Commission (EEOC) are in place to advise and protect federal employees. Originally created in 1978 as part of OPM, OGE was made an independent agency in 1989 by the Office of Government Ethics Reauthorization Act of 1988, with the mission to prevent conflicts of interest on the part of government employees and to resolve those conflicts that do occur. Originally created as part of the Civil Rights Act of 1964, the EEOC exists to enforce federal anti-discrimination laws against both private and public sector employers.

A newly hired Federal employee would understandably be baffled by these divisions of labor, which may be why the MSPB and EEOC both go out of their way to emphasize “What We Do Not Do” – and identifies *the other* agencies’ roles.⁷⁸

Consolidating all of these agencies under the Office of Personnel Management would provide convenient “one-stop shopping” for Federal employees and applicants with conflicts, grievances, and whistleblower disclosures, and provide uniform guidance about ethical conduct. Combining these operations would reasonably be expected to save costs on multiple fronts, including but not limited to office rent, administrative and overhead costs, and personnel expenses.

⁷⁶ “2008 Presidential Campaign Financial Activity Summarized: Receipts Nearly Double 2004 Total,” Federal Election Commission, June 8, 2009, <http://www.fec.gov/press/press2009/20090608PresStat.shtml>.

⁷⁷ “H.R. 359 a bill to reduce federal spending and the deficit by terminating taxpayer financing of Presidential election campaigns and party conventions,” Congressional Budget Office, January 24, 2011, <http://www.cbo.gov/ftpdocs/120xx/doc12049/hr359.pdf>.

⁷⁸ “About MSPB,” Merit Systems Board Protection Website, <http://www.mspb.gov/About/about.htm>. See also “Workplace Laws Not Enforced by the EEOC,” Equal Employment Opportunity Commission Website, <http://www.eeoc.gov/laws/other.cfm>, Accessed June 29, 2011.

While the staffs at these different agencies currently specialize in slightly different issues faced by Federal employees and applicants, their missions have significant overlap and are all grounded in the same merit system principles. Additionally, concentrating federal employee protection efforts would simplify many of the rules and regulations other federal agencies have to follow, as well as reducing the amount of liaising needed by ethics officers within agencies, who will no longer have to seek counsel and guidance from multiple sources.

Rather than our current patchwork, this proposal will result in a centralized bank of expertise on Federal workforce laws, rules, and regulations, all housed within the Office of Personnel Management. While divisions of labor may still be necessary within the office (for instance, to protect the anonymity of whistleblowers), bringing the collective resources and knowledge to bear in a single place would yield more efficient, accurate, and economical results for both taxpayers and the Federal employees seeking remedies.

While it is difficult to come up with a dollar amount to quantify the savings this proposal would create, it would eliminate layers of unnecessary bureaucracy and spending, significantly reduce rent and administrative costs, and make it easier for Federal employees to get the support they need in administrative matters.

This proposal would bring the independent executive branch agencies under one roof and reduce their budgets by 50 percent. This consolidation would save the federal government \$2.7 billion over ten years.

Below is a brief description of each of the independent personnel agencies and proposed consolidations.



The Office of Special Counsel (\$18 million per year)

The Office of Special Counsel (OSC) is a 112-employee agency within the Executive Branch.⁷⁹ Its mission is to “safeguard the merit system by protecting federal employees and applicants from prohibited personnel practices, especially reprisal for whistle-blowing.”⁸⁰ The OSC has four regional offices: Dallas, Detroit, Oakland, and Washington, DC. It pays \$1.7 million per year to rent office space.⁸¹ OSC received 8,270 requests for assistance or action in 2010, over half of them seeking advisory opinions on Hatch Act matters.⁸²

OSC conducts an annual survey of complainants. In the most recent available one from fiscal year 2009, 247 of 273 respondents said they were dissatisfied with the results provided by a complaint filed with OSC, with 200 saying they were “very dissatisfied.”⁸³ The group Public

⁷⁹ OSC was created by the Whistleblower Protection Act of 1989.

⁸⁰ “Introduction to OSC.” OSC Website. <http://www.osc.gov/Intro.htm>. Accessed June 29, 2011.

⁸¹ U.S. Office of Special Counsel, FY2010 Performance and Accountability Report.

⁸² FY2012 Budget of the United States Government, <http://www.whitehouse.gov/sites/default/files/omb/budget/fy2012/assets/oia.pdf> at 1279.

⁸³ U.S. Office of Special Counsel, FY2009 Annual Report to Congress. <http://www.osc.gov/documents/reports/ar-2009.pdf>

Employees for Environmental Responsibility (PEER) has called OSC “very possibly the least cost-effective expenditure of federal resources made in the name of assisting whistleblowers,” and “so profoundly dysfunctional and defensive...it is beyond rehabilitation.”⁸⁴

Advocates of the agency will contend that federal employees need an independent advocate they can trust with their allegations of wrongful behavior by their colleagues. In point of fact, an employee’s first avenue for claims of wrongful behavior remains the agency OIG. If an employee feels uncomfortable communicating with OIG, most are free to communicate with their Congressional representatives or prosecutors at the DOJ to seek action, as well.

Other defenders of OSC will argue that it ensures meritorious cases proceed before the MSPB. This misstates the actual problem, which is the low threshold for cases to get to the MSPB, as well as the absence of *any* threshold to filing complaints with OSC. Combined with the ability to proceed to MSPB without even contacting OSC in some cases, this encourages employees to file grievances without merit, reflected in OSC’s extremely low number of referrals, actions, and mediations.

Some will argue that OSC’s most important responsibility is interpreting and enforcing the Hatch Act. Federal Courts have consistently held that the Hatch Act serves compelling governmental interest and should be enforced free of political pressure. While true, this does not require a separate agency to issue guidance. Advisory opinions on the Hatch Act should continue to be issued by career employees at OPM, the true experts on federal employee rights and regulations. Alleged violations of the Hatch Act should be the province of the U.S. Department of Justice’s Public Integrity Section, which is led by a career Senior Executive Service prosecutor and entrusted with prosecuting all election crimes.

Finally, OSC shares responsibilities under USERRA with several other Federal agencies. The Department of Labor (DOL) has the Veterans Employment & Training Service (VETS), and the Office of Personnel Management is working with several cabinet agencies to carry out the Veterans Employment Initiative mandated by Executive Order 13518, “Employment of Veterans in the Federal Government.”⁸⁵ OPM has published several reports on the issue which include in-depth discussions of re-employment rights under USERRA. OPM has even created a website: www.fedshirevets.gov, which describes the USERRA claims process and links would-be claimants to DOL-VETS where they are able to file their complaints.



The Merit Systems Protection Board (\$44 million per year)

The Merit Systems Protection Board (MSPB) is a 211-employee agency within the Executive Branch, created by the CSRA, whose mission is to “protect the rights of federal civil service

⁸⁴ Testimony of Jeff Ruch, PEER Executive Director, before the Senate Homeland Security and Governmental Affairs Committee, March 22, 2007.

⁸⁵ Executive Order 13518. November 9, 2009.

employees.”⁸⁶ It does this through hearings and decisions on appeals and complaints raised by Federal employees alleging Merit System Principles violations, sometimes through the Office of Special Counsel, sometimes directly. The MSPB also conducts studies of the civil service and reports to the president and the Congress on the extent to which the federal workforce is free of prohibited personnel practices. The MSPB has 6 regional offices: Atlanta, Chicago, Dallas, Philadelphia, San Francisco, and Washington, DC. It pays \$3.9 million per year to rent office space.⁸⁷

Defenders of the MSPB will contend that there needs to be an independent, third-party adjudicatory system for federal employee appeals. However, the judicial system already serves that function – there is no need for a specialized institution just to handle allegations by federal employees, particularly when as it stands, an adverse MSPB decision can be appealed to Federal Court, anyway. Federal courts will issue and enforce their rulings⁸⁸, and set clear guidelines and precedents for federal employees moving forward. Furthermore, the burdens of pursuing legal action through the courts will deter frivolous and unnecessary claims, and encourage more mediations and settlements, thereby lowering administrative costs to taxpayers.

Where the MSPB’s responsibility to study and analyze OMB and its regulations is concerned, the OMB Office of Inspector General already does that, and can do it better and more efficiently, particularly because of institutional knowledge already housed there. There is no need to keep a separate agency around just to watch and analyze the actions of another agency.



The Office of Government Ethics (\$14 million per year)

The Office of Government Ethics (OGE) is a 77-employee agency within the executive branch, established by the Ethics in Government Act of 1978. *Originally part of the Office of Personnel Management*, OGE became a separate agency on October 1, 1989, as part of the Office of Government Ethics Reauthorization Act of 1988. OGE’s mission is “to exercise leadership in the executive branch to prevent conflicts of interest on the part of Government employees, and to resolve those conflicts of interest that do occur.”⁸⁹ The OGE is located in downtown, Washington, DC. It pays \$1.5 million per year to rent office space.⁹⁰ Specifically, OGE is responsible for promulgating and maintaining enforceable standards of ethical conduct for nearly 4 million civilian employees and military members in over 130

⁸⁶ “MSPB”, Merit Systems Protection Board Website. <http://www.mspb.org/>, accessed June 29, 2011.

⁸⁷ FY2012 Congressional Budget Justification, Merit Systems Protection Board. <http://www.mspb.gov/netsearch/viewdocs.aspx?docnumber=577541&version=579266&application=ACROBAT>, accessed June 28, 2011.

⁸⁸ Federal Courts disagreed with the MSPB less than 10percent of the time in FY 2010. FY 2010 Performance and Accountability Report, Merit Systems Protection Board.

<http://www.mspb.gov/netsearch/viewdocs.aspx?docnumber=552737&version=554319&application=ACROBAT>

⁸⁹ “Background and Mission” Office of Government Ethics website, accessed June 7, 2011;

http://www.oge.gov/about/background_mission.aspx

⁹⁰ FY2012 Explanatory Notes and Annual Performance Plan. OGE Website.

http://www.usoge.gov/management/admin_mgmt_rpts/expnts_fy12.pdf

Executive Branch agencies and the White House; overseeing a financial disclosure system that reaches approximately 28,000 public and over 325,000 confidential filers; conducting onsite reviews of agency ethics programs; providing education, training, and technical assistance to the over 5,700 ethics officials; conducting outreach to the general public, the private sector, and civil society; and sharing good practices with and providing technical assistance to state, local, and foreign governments and international organizations.

In order for OGE to carry out its mission, it must take advantage of all the resources and expertise available to it. In 2007, then President-Elect Obama promised that “The Obama-Biden administration will give the Office of Governmental Ethics strong enforcement authority with the ability to make binding regulations, and it will work with inspectors general in all the federal agencies to enforce ethics rules, minimize waste and ensure federal officials are not using their offices for personal gain.”⁹¹

The best way to truly empower OGE is to bring it back within OPM, so as to harness all the expertise housed there and facilitate the monitoring of potential ethics issues affecting any federal employee. A truly one-stop federal employment agency will actually facilitate OGE’s work and ability to promote good governance across the federal government through standardization and collocation of reporting and forms.

OGE does not need a separate building or budget to be a forceful steward of ethics among federal employees. In fact, designated agency ethics officials will appreciate the ease of dealing with any hiring, merit systems matters, and disclosure issues all at once. Bringing OGE back into OPM creates one-stop shopping not only for federal employees submitting information, but also for the agency officials tasked with tracking the employee’s submissions. Furthermore, to the extent that OGE being at OPM may actually lessen the need for individual agency ethics officials, that will save time and energy by freeing those employees to work on other matters.



The Federal Labor Relations Authority (\$25 million per year)

The Federal Labor Relations Authority (FLRA) is a 140-employee agency within the Executive Branch created by the CSRA whose mission is to carry out five statutory responsibilities in establishing policies and guidance regarding the labor-management relations of 1.6 million non-postal Federal employees.

Originally created by legislative negotiations that “so muddled the content and intent of the new agency that no one knew what it was supposed to do or how it was supposed to do it,”⁹² the FLRA has come in dead-last on the Partnership for Public Service’s “Best Places to Work in the Federal Government” survey in 2005, 2007, and 2009.⁹³

⁹¹ “Ethics Agenda.” Website of the Office of the President-Elect. http://change.gov/agenda/ethics_agenda/. Accessed June 29, 2011.

⁹² “A Short History of the Statute: FLRA 20 years 1979-1999.” quoting Carolyn Ban, “Implementing Civil Service Reform” (1984) at 219.) FLRA Website. http://www.flra.gov/twenty_years_short-history. Accessed June 30, 2011.

⁹³ Brinkerhoff, Noel. “Worst Government Agency Defends Title.” Allgov.com website. http://www.allgov.com/ViewNews/Worst_Government_Agency_Defends_Title_90522. Accessed June 29, 2011.

The FLRA currently has seven regional offices: Atlanta, Boston, Chicago, Dallas, Denver, San Francisco, and Washington, DC. It pays \$2.5 million per year to rent office space.⁹⁴

Defenders of the Authority will argue that there are millions of federal employees that belong to unions, who will be left without protection in the absence of the FLRA. The FLRA statute is clear that “labor organizations and collective bargaining are in the public interest.”⁹⁵ This proposal does not change that – what it changes is the forum in which unions and government agencies are expected to dispute. The FLRA was not created to protect employees, their unions, or the federal agencies employing them – it was created to provide an orderly and efficient method for resolving disputes. This is a task OPM can do efficiently and capably. The FLRA’s decisions are already subject to review by Federal Courts. Bringing the FLRA under OPM will actually improve the quality of decisions and give them added credibility by improving the access and interaction ALJ’s have with federal employment law experts.



The Equal Employment Opportunity Commission (\$386 million per year)

The U.S. Equal Employment Opportunity Commission (EEOC) is a 2,539 Employee Commission responsible for enforcing federal laws that make it illegal to discriminate against a job applicant or an employee because of the person's race, color, religion, sex, national origin, age, disability or genetic information. It is also illegal to discriminate against a person because the person complained about discrimination, filed a charge of discrimination, or participated in an employment discrimination investigation or lawsuit. The EEOC currently has 53 field offices around the country. It pays \$33.4 million per year to rent office space.⁹⁶

Private Sector. Private sector employees can file a charge online, by mail, or by walking into a local field office. Within 10 days their employer will be notified and the employer is asked to respond to the charge. If mediation is unsuccessful, a formal investigation begins, which may result in subpoenas and eventually litigation.

In fiscal year 2010, the Commission received 99,922 private sector charges. It concluded the year with a pending inventory of 86,338 charges, after providing resolutions in 104,999 cases and securing \$319.3 million in monetary benefits for nearly 19,000 people.⁹⁷

Public Sector. Unlike its responsibilities in the private sector, the Commission does not process original complaints of discrimination by federal employees or applicants. Instead, individuals file complaints with EEO Counselors at their own federal agency, who are required to conduct a ‘full and appropriate’ investigation of the claims raised. The agency will then issue a “final

⁹⁴ FY2010 Performance Budget Submission to Congress. FLRA Website. http://www.flra.gov/webfm_send/164. Accessed June 29, 2011.

⁹⁵ 5 U.S.C. § 7101.

⁹⁶ FY2012 Budget Justification. EEOC Website. http://www.eeoc.gov/eeoc/plan/2012budget.cfm#_Toc282609566. Accessed June 30, 2011.

⁹⁷ FY2010 Performance and Accountability Report. EEOC Website. http://www.eeoc.gov/eeoc/plan/2010par_performance.cfm. Accessed June 30, 2011.

decision.” Complainants can request a hearing before an EEOC administrative judge at the conclusion of the investigation. If they do not agree with the final decision or the AJ’s decision, they can request reconsideration by the EEOC or in Federal District Court.

This proposal would move all EEOC’s federal employee and applicant functions under OPM. The charges, litigation, and systemic investigations related to private enforcement should remain unchanged. However, the hearings, appeals, and mediations conducted as part of federal sector enforcement should be moved to OPM.

Defenders of the Commission will allege that forcing the federal sector complaints to OPM will result in less protection for employees who want to report wrongdoing. In fact, this will make reporting wrongdoing easier by allowing federal employees to simply go to OPM rather than having to know and deal with specialized agencies depending on the nature of the complaint. Placing EEO officials at OPM will take full advantage of the institutional knowledge and familiarity with not only discrimination law, but all other protections afforded to federal employees interested in filing grievances. There is no need for this independent Commission to continue addressing these matters where federal agencies are concerned.

End Benefits, Subsidies, and Tax Breaks for Millionaires

Each year the federal government pays billions in cash and benefits to millionaires—Americans reporting an adjusted gross income (“AGI”) of \$1 million or more.

For example, in terms of cash benefits, in 2008, the Department of Labor’s Unemployment Insurance program paid 2,804 people with an AGI of \$1 million or more over \$18.6 million. In fact, 17 of these reported an AGI of \$10 million or more on their 2008 Tax Return.⁹⁸

In the same year, the Social Security Administration paid 56,587 million-dollar-earners over \$1.54 billion in retirement benefits. Of these, 2,511 reported an AGI of \$10 million or more.⁹⁹

A number of tax breaks also exist for millionaires, just as they exist for less fortunate Americans. In 2008, 34,348 millionaires deducted over \$162 million in business expenses, while 209,116 millionaires wrote-off over \$7 billion through the mortgage interest deduction.¹⁰⁰



The purpose behind other payments of federal funds to millionaires is even less clear. For example, the National Endowment for the Arts (“NEA”) made a \$25,000 grant to

⁹⁸ See Internal Revenue Service, Table 1.4, All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income, Tax Year 2008, <http://www.irs.gov/taxstats/indtaxstats/article/0,,id=134951,00.html>.

⁹⁹ See Internal Revenue Service, Table 1.4, All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income, Tax Year 2008, <http://www.irs.gov/taxstats/indtaxstats/article/0,,id=134951,00.html>.

¹⁰⁰ Information provided by the Internal Revenue Service.

multimillionaire¹⁰¹ Quincy Jones (winner of 27 Grammy Awards¹⁰²) in 2008 through its NEA Jazz Masters program.¹⁰³ The NEA describes this as the “highest honor our nation bestows on jazz artists.”¹⁰⁴ It is unclear why the government is handing out cash benefits to those receiving awards of this nature through the private sector.

NEA also honors achievement in Opera and in 2008 made a \$25,000 grant to millionaire James Levine.¹⁰⁵ Mr. Levine is an internationally celebrated conductor, Music Director for the Metropolitan Opera, Music Director for the Boston Symphony Orchestra, and a recipient of the Kennedy Center Honor.¹⁰⁶ It is unclear why NEA would need to give Mr. Levine a cash grant to honor his achievement in Opera. In total, in 2008, NEA distributed over \$1.8 million in grants to honor artistic lifetime achievement and fellowships to published creative writers.¹⁰⁷

The United States Department of Agriculture (“USDA”) also doles out millions each year in cash benefits to millionaires. For example, in 2010, USDA paid eight millionaires over \$74 million through its Wetlands Reserve Program.¹⁰⁸ The Wetland Reserve Program was established to give “landowners the opportunity to protect, restore, and enhance wetlands on their property.”¹⁰⁹ Millionaires can afford to “protect, restore, and enhance wetlands” with their own money.

At this point in our country’s history, deep in a financial crisis, our government cannot continue to make grants and pay benefits to individuals that do not need them. Means-testing government programs and eliminating benefits to wealthy Americans is a simple step toward fiscal responsibility. Moreover, millionaires do not need these benefits and can easily live without them. The government safety net should be provided to those with true need.

Eliminate Carryover of Sick Leave and Cap at 13 Days Annually

Under current law, full-time federal employees receive 13 days of annual sick leave, and there is no limit on how much sick leave they can accrue.¹¹⁰ In addition, federal employees are able to receive credit for unused sick leave toward their retirement calculation.¹¹¹ This policy makes unused sick leave extremely valuable to a federal employee retiring and extremely expensive for

¹⁰¹ CelebrityNetWorth.com, Quincy Jones, <http://www.celebritynetworth.com/richest-businessmen/producers/quincy-jones-net-worth/>.

¹⁰² The Official Website of Quincy Jones, Biography, <http://www.quincyjones.com/about-2/about>.

¹⁰³ Information provided by the National Endowment for the Arts.

¹⁰⁴ National Endowment for the Arts, Lifetime Honors, National Endowment for the Arts Jazz Masters, <http://www.nea.gov/honors/jazz/index.html>.

¹⁰⁵ News reports indicate that Mr. Levine made approximately \$3.4 million in FY2008 for his work at the Boston Symphony and the Metropolitan Opera. See Ben Sisario, *Maestro’s Pay Hangs on Unsigned Deal*, The New York Times (April 7, 2010), <http://www.nytimes.com/2010/04/08/arts/music/08levine.html>. See also Geoff Edgers, *James Levine, Salary*, Boston Globe (July 25, 2006), http://www.boston.com/ae/theater_arts/exhibitionist/2006/07/james_levine_sa_1.html; <http://www.nea.gov/honors/opera/media/2011-opera-honorees.html>.

¹⁰⁶ National Endowment for the Arts, Lifetime Honors, National Endowment for the Arts Opera Honors, James Levine, Conductor, http://www.nea.gov/honors/opera/operaCMS/honoree.php?id=o2008_03.

¹⁰⁷ Information provided by the National Endowment for the Arts.

¹⁰⁸ Information provided by the United States Department of Agriculture.

¹⁰⁹ United States Department of Agriculture, Natural Resources Conservation Service, Wetlands Reserve Program, <http://www.nrcs.usda.gov/programs/wrp/>.

¹¹⁰ U.S. Office of Personnel Management, Sick leave general information, <http://www.opm.gov/oca/leave/HTML/sickLV.asp>.

¹¹¹ Curtis Copeland, Congressional Research Service, “Sick Leave: Usage Rates and Leave Balances for Employees in Major Federal Retirement Systems”, November 4, 2009.

the federal government. As CRS points out, “an employee retiring with 30 years of service and a year of unused sick leave would get credit for 31 years of service for purposes of annuity computation. If this employee’s ‘high-three’ salary was \$50,000, the additional year of service would increase his or her pre-tax retirement annuity by 2%, or \$1,000 per year. Therefore, even before indexing for inflation, if the employee received the annuity for 20 years, the unused sick leave would be worth about \$20,000.”¹¹²

This benefit is both more generous and more flexible than what is offered by the private sector, or most state and local governments. According to a 2010 federal study, roughly 40 percent of private sector workers do not receive paid sick leave, and 11 percent of state and local public employees do not receive it.¹¹³ On average, private sector workers receive eight days of paid sick leave annually, while public sector state and local employees receive 11 days.¹¹⁴

According to a study by a nonprofit association of human resources professionals, only 54 percent of private companies have traditional leave programs that include separate accrual of sick and vacation leave.¹¹⁵ Of those private companies, only 57 percent allow for carryover of sick leave.¹¹⁶ While no cost savings has been determined, this proposal would prohibit federal employees from “carrying over” unused sick leave from one year into the next.

Limit Carry Over of Unused Vacation Time and Cap Total Vacation Time at 30 Days/Year

A federal employee may use annual leave for vacations, rest and relaxation, and personal business or emergencies.¹¹⁷ Under current law, federal employees may carry over a maximum of 30 days if they are employed in the United States, 45 days if you are stationed overseas, and 90 days if you are a member of the Senior Executive Service (SES), or categorized by OPM as a “Senior Level” or “Scientific and Professional” employee.¹¹⁸

According to a Human Resources Association report, 65 percent of the private sector allows vacation days to carry over to the next year, but 75 percent of these companies put a limit on the amount of leave time that can accrue.¹¹⁹ This proposal would allow federal employees, including SES, to carry over half of their unused vacation time accrued. However, vacation days would be capped at 30 days annually including the time carried over from the previous year. The current accrual rates would still apply. While there has not been a cost savings determined, this proposal would save money while better aligning the federal government’s taxpayer funded benefits package with the private sector.

¹¹² Curtis Copeland, Congressional Research Service, “Sick Leave: Usage Rates and Leave Balances for Employees in Major Federal Retirement Systems”, November 4, 2009.

¹¹³ According to OPM, full time employees receive a half day of sick leave for each biweekly pay period – part-time employees receive 1 hour for every 20 hours in a pay status. U.S. Bureau of Labor Statistics, “Paid Sick Leave in the United States”, March 2010, http://www.bls.gov/opub/perspectives/program_perspectives_vol2_issue2.pdf.

¹¹⁴ U.S. Bureau of Labor Statistics, “Paid Sick Leave in the United States”, March 2010, http://www.bls.gov/opub/perspectives/program_perspectives_vol2_issue2.pdf.

¹¹⁵ WorldatWork, “Paid Time off Programs and Practices”, May 2010, <http://www.worldatwork.org/waw/adimLink?id=38913>.

¹¹⁶ WorldatWork, “Paid Time off Programs and Practices”, May 2010, <http://www.worldatwork.org/waw/adimLink?id=38913>.

¹¹⁷ U.S. Office of personnel Management, Annual Leave General Information, <http://www.opm.gov/oca/leave/HTML/ANNUAL.asp>.

¹¹⁸ U.S. Office of personnel Management, Annual Leave General Information, <http://www.opm.gov/oca/leave/HTML/ANNUAL.asp>.

¹¹⁹ WorldatWork, “Paid Time off Programs and Practices”, May 2010, <http://www.worldatwork.org/waw/adimLink?id=38913>.

Impoundment to Control Congressional Spending

The Impoundment Control Act of 1974 (ICA) was enacted with the purpose of tightening congressional control over presidential impoundments of funds obligated by Congress. Here, impoundment refers to a decision by the president to choose to save funds appropriated by Congress instead of spending them. The ICA also details the procedure that Congress can consider rescissions proposed by the president. The ICA allows the president to propose a rescission when he wishes to withhold funds from permanent obligation or submit a deferral when the withholding of funds is temporary. Funds proposed for rescission by the president may be withheld from obligation for 45 days. At that point, if Congress has not approved the rescission, the president must release the funds and make them available for obligation on the 46th day.¹²⁰

Since the ICA's enactment in 1974, presidents (both Democrat and Republican) have proposed the recession of a total of \$76 billion. In fact, President Reagan proposed \$15.4 billion in rescissions in 1981, the highest one-year dollar amount to date. Congress can also utilize rescission power and since 1974 has made roughly \$197.1 billion in rescissions. Indeed, in 2008, Congress initiated the rescission of over \$12 billion.¹²¹ The president, as well as Congress, should be actively looking for ways to save tax dollars and either make a useful reallocation of those funds or use them to pay down the national debt.

Apply Chained-CPI Government-Wide

From the tax code to mandatory spending programs to Social Security, the benefits provided though many federal programs are adjusted each year to account for inflation. The measure currently used to calculate these automatic increases, Consumer Price Index (CPI), is considered by many to be outdated, leading to higher increases in federal spending than actually justified.¹²²

The built in cost of automatically increasing benefits by a certain calculation puts this spending on autopilot every year, without any review or adjustment from Congress. It is essential this automatic spending increase be as accurate and conservative as possible, in order to avoid runaway costs that simply cannot be controlled.

The President's National Commission on Fiscal Responsibility and Reform recommended applying a more accurate measure of inflation, Chained-CPI to all government programs currently tied to CPI.¹²³ This plan adopts the Fiscal Commissions recommendation, which

¹²⁰ See *Congressional Budget and Impoundment Control Act*, 2 U.S.C. §§ 681-88.

¹²¹ Statement of Susan A. Poling, Managing Associate General Counsel, United States Government Accountability Office, Testimony Before the Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security, Committee on Homeland Security and Governmental Affairs, United States Senate, *Impoundment Control Act: Use and Impact of Rescission Procedures* (Dec. 16, 2009), <http://www.gao.gov/new.items/d10320t.pdf>.

¹²² Goldwein, Marc and Rosenberg, Adam, Moment of Truth Project, "Measuring Up: The Case for Chained CPI," May 11, 2011, http://crfb.org/sites/default/files/MeasuringUp5_11_2011.pdf.

¹²³ National Commission on Fiscal Responsibility and Reform, "Moment of Truth, Report of the National Commission on Fiscal Responsibility and Reform," December 1, 2010, <http://www.fiscalcommission.gov/news/moment-truth-report-national-commission-fiscal-responsibility-and-reform>. The Commission plan included this recommendation as part of the illustrative comprehensive tax reform proposal detailed on page 31 of the report.

would save at least \$62.5 billion over ten years in mandatory spending programs and benefits, such as federal pensions and eligibility for various government programs.^{124 125}

SAVINGS/PROGRAM REDUCTIONS

Three Year Freeze on Pay and Bonuses for Federal Employees
 Reduce the Size of the Federal Workforce by 15 Percent or 300,000
 Reduce the Size of the Federal Contractor Workforce by 15 Percent
 Reduce and Restrict Government Printing
 Eliminate Reemployed Annuitant Double Dip
 Reduce Agency Travel Budget by 75 Percent for Civilian Agencies
 Reduce the Number of Limousine's Owned by Federal Agencies
 Reduce Federal Vehicle Fleet Budget by 20 Percent
 Prohibit the use of Project Labor Agreements on federal contracts
 Eliminate Agencies Hollywood Liaison Offices
 Eliminate the use of Non-Competitive and Cost Plus Government Contracts
 Reduce Agency Advertising Budgets by 50 Percent
 Freeze Federal Locality Pay for Five Years
 Reduce Annual Spending on Federal Government Conferences
 Support the President's Efforts to Reform Federal IT Management and Close Federal Government Computer Data Centers
 Eliminate the Financing of Presidential Election Campaigns and Party Conventions
 Ending Duplication in Federal Employment Agencies by Consolidating Functions at the Office of Personnel Management
 Apply Chained-CPI Government-Wide
 End Benefits, Subsidies, and Tax Breaks for Millionaires
 Eliminate Carryover of Sick Leave and Cap at 13 Days Annually
 Limit the Carryover of Unused Vacation Time and Cap Total Vacation Time at 30 Days a Year
 Impoundment to Control Congressional Spending

GENERAL GOVERNMENT TEN YEAR SAVINGS

Discretionary: \$911.5 billion

Mandatory: \$62.5 billion

Total: \$974.1 billion

¹²⁴ Additional information on transition to Chained-CPI can be found in the "Reforming the Tax Code and Ending Special Interest Giveaways" section of this report.

¹²⁵ Estimate provided by the Joint Committee on Taxation.